

# Arab Steel Factory

The Arab Steel Factory ('ASF') is a leading manufacturer of steel billet for the Egyptian market. Billet is the raw material which can be used for making steel products such as steel reinforcement bars used for strengthening concrete, and angled steel which is used in the construction industry. The Arab Steel Factory produces some 240,000 tons of billet annually.

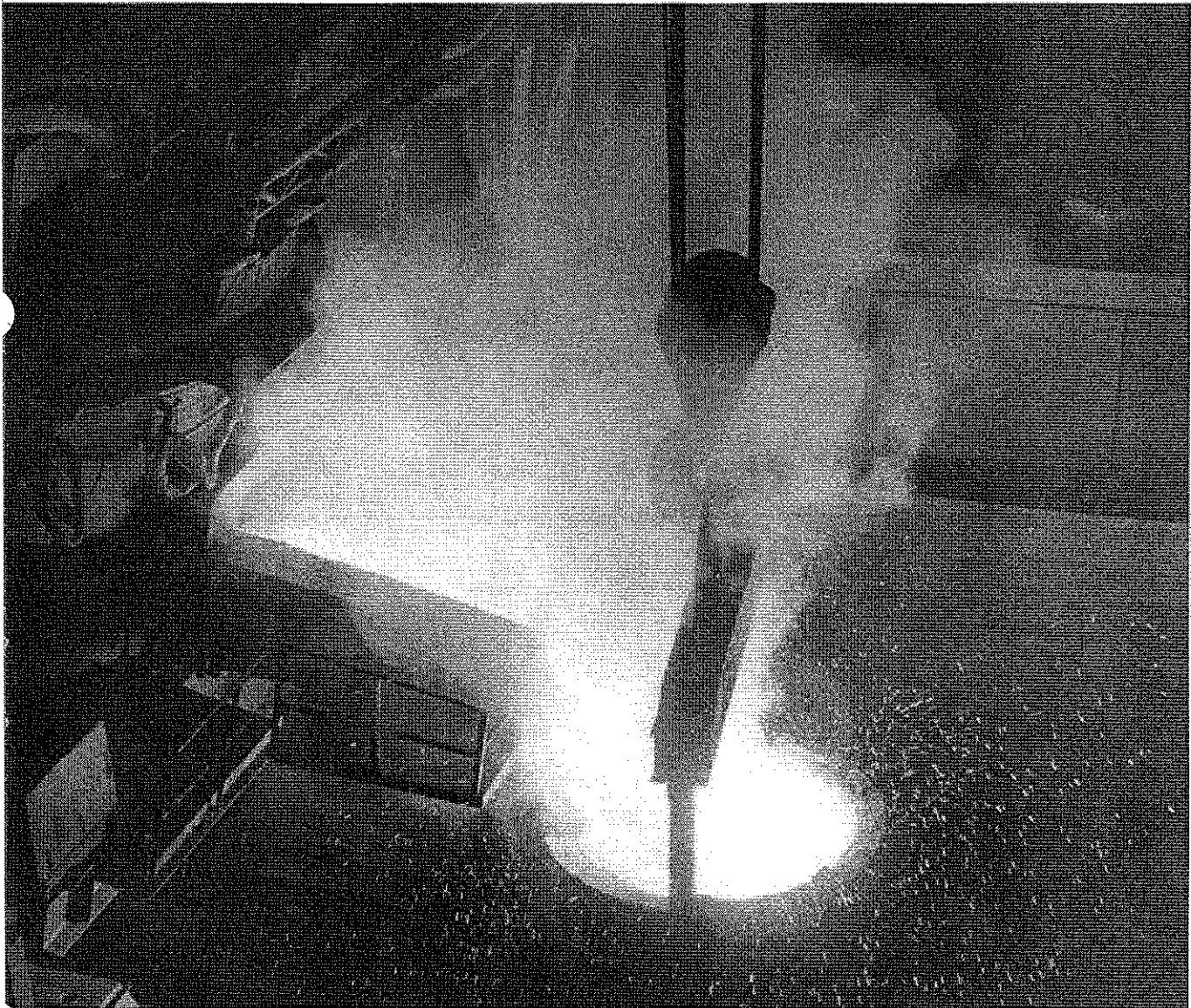
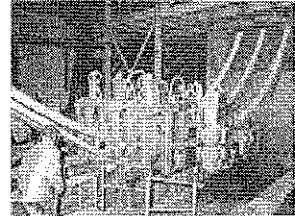
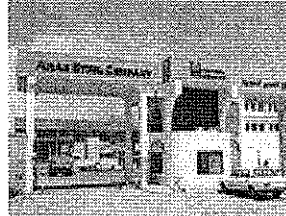
The Lakah Family has been involved in the Egyptian steel industry for nearly 40 years. The Arab Steel Factory steel mill in the 10th of Ramadan City, which commenced production in October 1997, has a maximum production capacity of 400,000 tons.

Following strong growth in Egypt's construction industry in recent years, billet demand has doubled over the last 6 years to approximately 3.8 million tons in 1998. Domestic production cannot meet this demand and 1.3 million tons (over 34%) of billet are imported.

Given that domestic producers of billet enjoy clear competitive advantages over non-Egyptian suppliers, then the Arab Steel Factory expects that subject to billet production capacity, the percentage share of the billet market for Egyptian producers will increase. The company's principal objective therefore, is to increase production levels to the mill's optimal production capacity.

As most billets produced in Egypt are used by the leading manufactures for their own rebar production, the Arab Steel Factory would face only limited competition from other domestic producers in selling any increased capacity. The Arab Steel Factory's primary customer for billet is ANSDK, which purchased approximately 75% (180,000 tons) of the company's production in 1998.

Left Main entrance, Arab Steel  
Factory.  
Right Continuous casting.  
Below Steel furnaces located at  
the environmentally safe Arab  
Steel Factory.





# Amitrade for Trading and Contracting

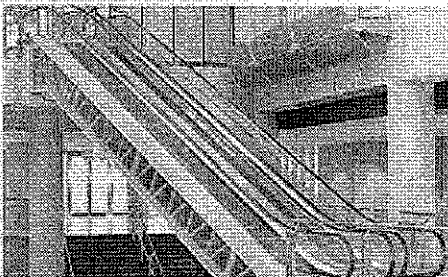
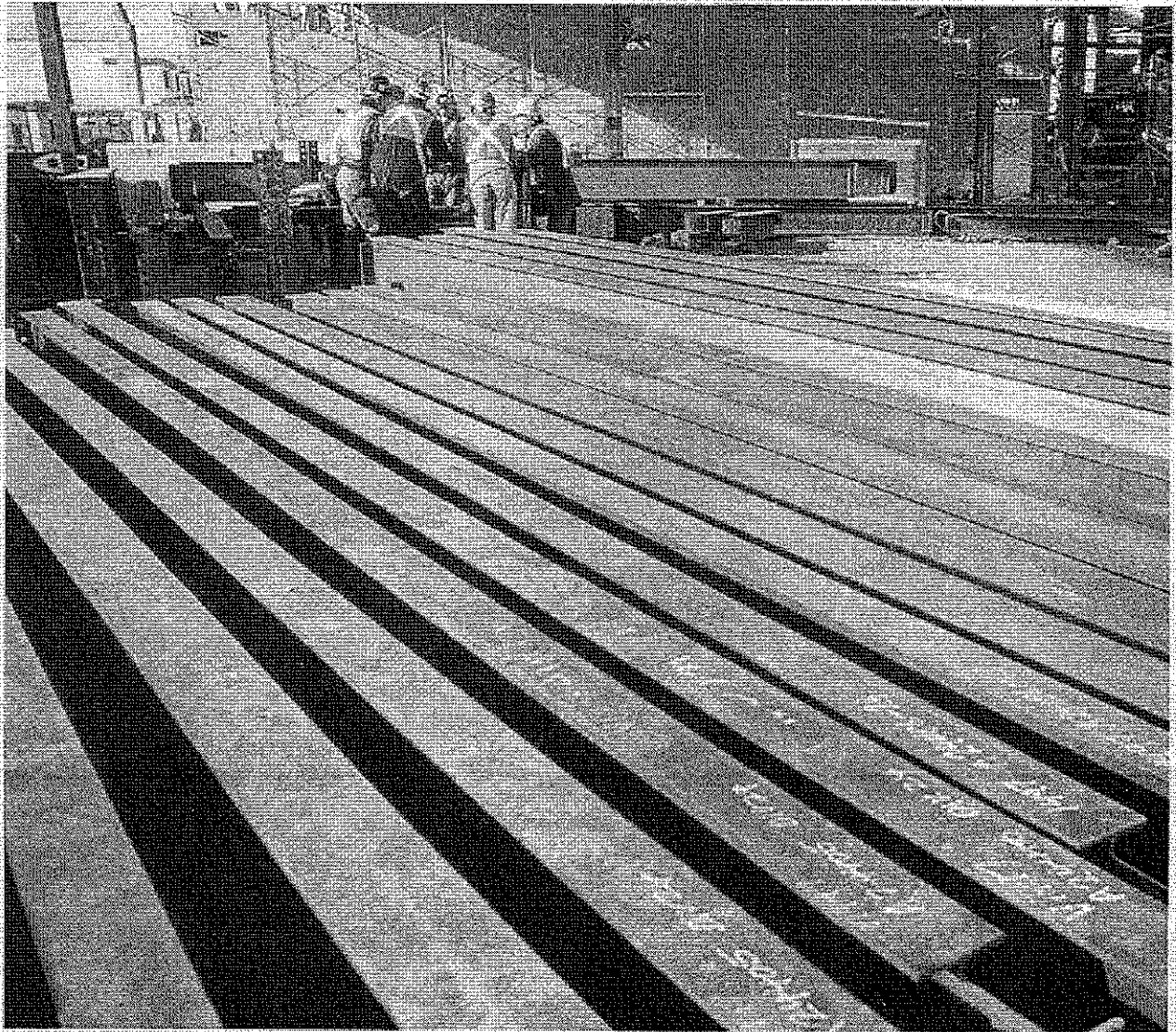
Amitrade's principal activities are trading in the raw materials used in Egypt's steel production industry and trading in the steel billets and rebars produced by the steel manufacturers. It has recently expanded into the elevator, escalator and moving walkway industry products.

Initially, Amitrade was established to act as the trading arm of the Arab Steel Factory to procure supplies of scrap and other raw materials and to sell billets produced by the Arab Steel Factory. Amitrade now provides trading services to numerous Egyptian steel manufacturers, reducing its dependence on the Arab Steel Factory, should it not be able to maintain its production volumes. Currently over 80% of its sales are for products from manufacturers other than the Arab Steel Factory.

In line with its strategy to diversify from trading in steel-related raw materials and products, Amitrade entered an exclusive distribution agreement with the Toshiba Corporation to sell a wide range of Toshiba escalators, elevators and moving walkways. The demand for these products is increasing as a direct consequence of the rising level of construction activities in Egypt. The Toshiba products are in the higher value segment of the market and, as such, would be used in hospitals, hotels, airports, office buildings and commercial centres.

Amitrade anticipates the elevator market in Egypt will grow at 10% per annum for the next 6 years. Amitrade's future plans include expanding its trading services into other areas such as special steel, aluminium, glass and cement and extending its trading business to cover other Middle East countries.





Above: Finished steel product.  
Left: Toshiba escalator.  
Right: Toshiba elevator.



# Industrial Consumer Company

The Industrial Consumer Company ('ICC') manufactures and sells a wide range of light bulbs and fluorescent tubes.

The company was acquired in 1997. Today it has approximately 8% of the global lighting shell market in Egypt and in terms of production units, is the second largest manufacturer in the country. The lighting factory is one of only two in Egypt that has the complete manufacturing line – from glass manufacture and assembly through to packaging. Demand for lighting has increased strongly over the past 5 years – up some 35% – to an estimated 140 million units in 1999.

ICC's strategy is to create a local manufacturer which in addition to Neasa the Egyptian Government's light bulb operation, can gain a substantial share of the domestic lighting market. ICC has several lighting products and estimates that in 1999 it can gain 14% of the GLS bulb and 27% of the tube markets in Egypt. In addition, ICC will target other countries in the Middle East and Africa, taking advantage of various tax-free agreements with Egypt.

The company is already exploring a number of acquisition opportunities and licensing and technical assistance arrangements.



Above Light bulb product from the  
10th of Ramadan factory.  
Right Production line for light bulbs.

